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SCIENCE & MEDICINE DEPT

THE SUBMISSION
OF
PRESCRIPTION SERVICES INC.
TO
THE MEDICAL SERVICES
INSURANCE ENQUIRY

WINDSOR, ONTARIO

NOVEMBER 11, 1963.

no provision for
catastrophic costs like
cystic fibrosis.

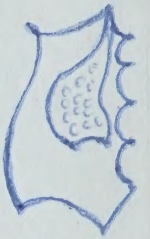
Administration costs.

How pharmacist re-imbursed.

Wickinson — Bill 163 — covers primarily concerned doctors.
pharmaceuticals not included.
Tied to statistical study of U. Mich. — To be published.

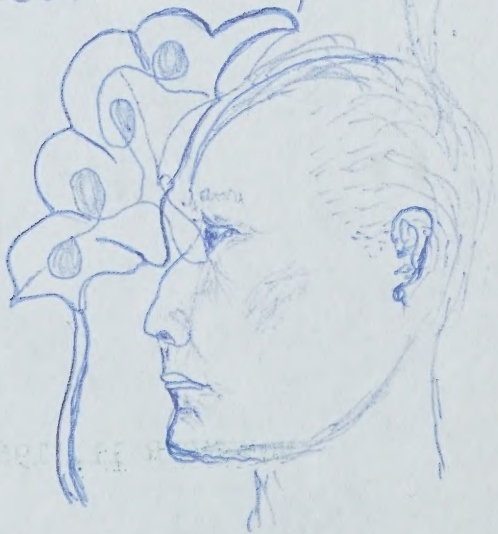
Bett.

35% deductible — meant to be deterrent.
only group involvement.



Av. cost prescription — #4+ Green Shield Plan.
Can. av. #3+

Pharmacist — agrees to proration if necessary.



\$ 2.00 / man / person.

1. Prescription Services Inc. is a non-profit organization without share capital organized in 1957 under Ontario law with Head Office at Windsor, Ontario, and operates a prepaid prescription plan under the name of Green Shield Prescription Plan. The plan provides for the prepayment by premium for the dispensing of ^{prescribed!} pharmaceutical drugs, which may only be dispensed upon prescriptions issued by lawfully qualified medical practitioners and dentists. The Corporation operates in the field ^{veterinarians} ^{podiatrists} of prescriptions in the same manner as Windsor Medical Services Inc. and other non-profit medical care plans operate in the field of medical care. Subscribers to the plan may upon the payment of a monthly premium based upon marital status, number of dependents and other relevant factors secure indemnity in the dispensing of prescriptions prescribed by medical practitioners and dentists so that such prescriptions may be dispensed by any pharmacy which is a member of the Corporation without charge to the subscriber, with the exception only of a single .35¢ direct payment to the dispensing pharmacy. While the head office of the Corporation is in Windsor, there are more than 1100 member pharmacies and 5,000 subscribers and dependents who ^{how} ^{enrolled?} are enrolled in the plan and who do business and live in various places throughout the Province.

2. Prescription Services Inc. is unique on the North American continent in that it is the first and only non-profit organization offering a prepayment plan exclusively in the field of prescriptions. In addition, from its inception,

Prescription Services Inc. has been very much concerned with the matter of research and development in the field and has been associated for that purpose with the School of Public Health, Bureau of Public Health Economics of the University of Michigan at Ann Arbor, Michigan. It may be of interest to the Commissioners to know that the statistical studies prepared from the experience of Prescription Services Inc. were submitted upon a confidential basis to the Royal Commission on Health Services and at the hearing the Chairman, Chief Justice Emmett Hall said "This study, your experience, is something that is going to interest our research people tremendously because it is the only actual program of its kind in operation in Canada." The results of the experience in operation of the plan and of our statistical studies show that the cost of the benefits provided under any prepaid prescription plan must necessarily vary according to a number of factors not the least of which is the utilization of the services provided, the age and sex of the subscriber beneficiaries and the nature of the groups taking advantage of the service.

3. A perusal of Bill No. 163 of the Legislative Assembly of the Province of Ontario concerning the establishment of a Medical Care Plan would indicate that the definition of "medical care" does not include prescriptions and prescription services. For that reason then, this brief is necessarily limited in its purpose and is devoted to two comments only.

Prescription Services Inc. has been very much concerned with the matter of research and development in the field and has been associated for that purpose with the School of Public Health, Bureau of Public Health Economics of the University of Michigan at Ann Arbor, Michigan. It may be of interest to the Commission to know that the statistical studies prepared from the experience of Prescription Services Inc. were submitted upon a confidential basis to the Royal Commission on Health Services and at the hearing the Chairman, Chief Justice Lamont Ball said "This study, your experience, is something that is going to be the only one of its kind in Canada." The results of the experience in operation of the plan and of our statistical studies show that the cost of the benefits provided under any prepaid prescription plan must necessarily vary according to a number of factors not the least of which is the utilization of the services provided, the age and sex of the subscriber beneficiaries and the nature of the groups taking advantage of the service.

3. A parcel of Bill No. 103 of the Legislative Assembly of the Province of Ontario concerning the establishment of a Medical Care Plan would indicate that the definition of "medical care" does not include prescriptions and prescription services. For that reason then, this order is necessarily

<https://archive.org/details/31761120641717>

4. Our first comment in this brief relates to the desirability of merging through a single carrier the provision of a prepayment plan for both prescriptions and medical care services. it is our submission that the merging of these two concepts in a single prepayment plan is undesirable in the public interest for two reasons:-

(a) Prescription Services Inc. is exclusively a carrier offering coverage in the field of prescriptions and the area of the exclusions in its coverage so far as the subscriber beneficiaries are concerned is small, and in addition, subscribers enjoy first dollar coverage. Present experience indicates however, that carriers offering both medical care and prescription plans must necessarily limit the coverage offered in the field of prescriptions in two ways. One limitation is that which limits the coverage or benefits which the subscriber is entitled to receive. Another and perhaps more important limitation is in the area of first dollar coverage, that is to say, that while Prescription Services Inc. permits its subscribers to obtain benefits from and including the first dollar of actual benefit and cost, the merged plans provide a dollar deductibility factor under which the subscriber bears the initial cost of prescription benefits up to a predetermined figure; the latter figure often represents the most substantial portion of the annual dollar cost of prescriptions

in an average household. It is suggested that it is in the public interest that a subscriber should enjoy the widest possible coverage with a limit on exclusions and without a dollar deductibility factor;

(b) We suggest there necessarily must be an impact upon the premium cost of a medical care plan where more than one service is being provided. We make this suggestion having regard to the cost of operation of a dual nature plan. For example, under the Green Shield Prescription Plan benefits made available to subscribers for which the plan must pay are charged by each member pharmacy directly to the Corporation, while in a merged plan, as it is essentially a form of indemnity personal to each subscriber the benefits must be charged through to the plan by each subscriber. It is suggested then that the internal bookkeeping and statistical requirements of an exclusively medical plan or exclusively prescription plan will be very much less than the bookkeeping and statistical costs of a merged plan. The point of concern is whether or not these additional costs will be such as to unnecessarily increase the maximum premium which, under the proposed Medical Care Legislation, any carrier would be entitled to charge. We make this suggestion upon the basis that it is in the public interest that the cost of operation of any prepaid medical plan should be maintained at as low an expense

level as is possible so as to avoid any unnecessary increase in premium costs.

5. Our second comment is related to any possible redefinition or expansion of the expression "medical care" to include therein prescriptions or prescription services. It would appear that at the present time the Government does not propose that the Medical Care Legislation should include prescriptions, but nevertheless, in the various submissions that will be received by the Commissioners from time to time during the course of their enquiry it may be proposed by others that medical care should be redefined and expanded to include prescriptions and prescription services. In addition, the Commissioners, in the course of their enquiry may wish to consider matters affecting the field of pharmacy as it affects Government agencies having regard to the indigent, the medically indigent and the other categories of persons for whom the Government has already accepted responsibility. If such is the case then, we request that the Committee permit us to file an extended brief concerning the matter of prescriptions, prescription services and the field of the prepayment of prescriptions. It is submitted that in determining any questions concerning coverage, premiums, collections, disbursements of benefits, the utilization of services and the other important questions in this field the experience and special and unique studies of Prescription Services Inc. would be invaluable to the Commissioners.

The Corporation therefore would be glad to cooperate with the Commissioners in the preparation and filing of a supplementary brief relating its experience and views in this field.

All of which is respectfully submitted at Windsor, Ontario, this 11th day of November, 1963.

PRESCRIPTION SERVICES INC.,

By: W. A. Wilkinson.

WILLIAM A. WILKINSON,
President.

